

THE INSURANCE CODE OF 1956 (EXCERPT)

Act 218 of 1956

CHAPTER 68

FARMERS' AND OTHER SPECIAL MUTUAL PROPERTY INSURERS (DOMESTIC)

500.6800 Scope of chapter; code applicability to domestic farmers' mutual insurers.

Sec. 6800. (1) This chapter applies only to domestic farmers' mutual insurers and to the other domestic mutual insurers organized and transacting insurance upon property under this chapter.

(2) No provision or provisions of this insurance code not contained in or referred to in this chapter shall be applicable as to any such insurer.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6802 Formation of mutual plan insurers.

Sec. 6802. Companies may be incorporated upon the mutual plan to insure against loss and damage by fire, lightning, cyclones, windstorms, tornadoes, hail, riot, riot attending a strike, aircraft, smoke, vehicles and death of livestock from any cause, by complying with the provisions of this chapter as provided in the succeeding sections.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6804 Farmers' mutuals; organization; insuring powers.

Sec. 6804. Any number of persons not less than 25 may associate together for the purpose of mutual insurance of the property of its members against loss or damage by inherent explosion, fire, lightning, riot, riot attending a strike, aircraft, smoke or vehicles, which property to be insured by companies organized or operating under this section shall embrace only farm property or property located in a village or city of less than 5,500 inhabitants used by a farmer exclusively for his own storage purposes, which property is not associated in any way with any retail, wholesale or processing operation, country churches, schoolhouses, lodge halls and town halls and their contents, in any township; and churches, schoolhouses and dwellings and accompanying outbuildings and their contents situated within the corporate limits of cities or villages having a population not in excess of 5,500 inhabitants; and any buildings and contents, located on county agricultural fairgrounds, used for fair purposes or for boys and girls club work: Provided, That such property has adequate fire protection.

History: 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1957, Act 168, Eff. Sept. 27, 1957.

Popular name: Act 218

500.6806 Company organized or operating under MCL 500.6804; limit of risk.

Sec. 6806. No company organized or operating under section 6804 shall carry an insurance or assume a liability on any single hazard in excess of the amount set forth in section 640.

History: 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1994, Act 226, Imd. Eff. June 27, 1994.

Popular name: Act 218

500.6807 Farmers' mutuals; coverage of property while off insured premises.

Sec. 6807. In the absence of any charter provision or bylaw to the contrary, the terms of a policy issued by any company organized or operating under section 6804 shall be construed to cover any loss or damage by fire or lightning to any insured farm vehicle and its contents while located in any building not insurable by said company, provided said property shall have been absent from the insured owners' premises not more than 10 days and continuously in said uninsurable building not more than 48 hours.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6810-500.6820 Repealed. 1994, Act 226, Imd. Eff. June 27, 1994.

Compiler's note: The repealed sections pertained to organization and insuring powers of certain mutuals.

Popular name: Act 218

500.6822 Certificate of authority; required to transact business; expiration; renewal; revocation; qualification for certificate of authority or commencing business.

Sec. 6822. (1) An insurance company organized or operating under this chapter shall not transact any business without a certificate of authority from the commissioner.

(2) All such certificates of authority shall expire on the last day of June of each year and shall be renewed annually upon full compliance with the provisions of this chapter, and such certificates of authority shall be revocable by the commissioner for violation of any of the provisions of this chapter after due notice to the company and a hearing on the question of the violation.

(3) An insurance company hereafter organized under this chapter shall not be granted a certificate of authority and shall not commence business until bona fide agreements have been entered into for insurance with at least 200 individuals covering property to be insured to the amount of not less than \$500,000.00.

History: 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1994, Act 226, Imd. Eff. June 27, 1994.

Popular name: Act 218

500.6823 Property insurance; territorial limitations.

Sec. 6823. No company shall hereafter be organized under the provisions of this chapter for the purpose of insuring property other than that mentioned in section 6804. Any mutual insurance company whose business is limited by law or its charter to 1 or more counties, may provide in its charter or by amendment to its charter for insuring for its resident members any real or personal property owned by them and situated outside the county or counties in which the company is authorized to insure but in an adjoining county and may also provide for extending the insurance on personal property that may be temporarily absent not to exceed 6 months in a county adjoining a county or counties in which the company is authorized to do business, during which time the insurance on the personal property shall be in force as fixed in the company's charter or bylaws, so long as upon the adoption of any such article or amendment, the same shall automatically extend to all existing policies of the company, and that the insurance is subject to the same limitations as provided in section 6804.

History: 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1994, Act 226, Imd. Eff. June 27, 1994.

Popular name: Act 218

500.6824 Reinsurance; limitations.

Sec. 6824. Any company organized or operating under this chapter whose business is limited by law or by its charter to 1 or more counties may provide in its charter or by amendment to its charter for assuming reinsurance from other companies on property located anywhere within the state: Provided, however, That no reinsurance shall be accepted of a different kind or on a different class of property than the company is by its charter permitted to write direct. The company ceding such reinsurance shall not, by virtue of such reinsurance, become a member of the company assuming the reinsurance nor shall the ceding company assume any contingent liability for assessment unless otherwise provided by written agreement.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6826 Records and reports; requirements.

Sec. 6826. All companies organized or operating under this chapter shall keep such reasonable records and make such reports as the commissioner shall require.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6828 Financial report to members; penalty for violations.

Sec. 6828. (1) It shall be the duty of the secretary of each mutual insurance company doing business in this state under the authority of this chapter to make out and deliver by mail or otherwise to the last known post office address as shown by the company's records each year to each individual member of such company a copy of the financial report required by law to be made by such company to the commissioner.

(2) Any person, being a resident of this state, acting as secretary of any such mutual insurance companies, doing business in this state, who shall wilfully refuse, or neglect to make out and deliver the reports, as provided in subsection (1), above, shall be deemed guilty of a misdemeanor, and on conviction thereof, shall be subject to a fine of not more than \$100.00.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6830 Directors and officers; election.

Sec. 6830. A company hereafter organized under this chapter shall provide in its articles of incorporation

that its directors shall be elected by its members and that its officers shall be elected by its board of directors. The secretary or manager of the company may or may not be a member of the board of directors or a member of the company.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6834 Corporation, board, or association as member.

Sec. 6834. Whenever any public or private corporation, board or association in this state has entered into an agreement for and holds a policy in any mutual insurance company operating under this chapter, any officer, stockholder, or trustee of any such corporation, board or association who may be designated by such corporation, board or association, may be recognized as acting for or on its behalf for the purpose of such membership, but shall not be personally liable upon such contract of insurance by reason of acting in such representative capacity. The right of any corporation organized under the laws of this state to participate as a member of any such mutual insurance company is hereby declared to be incidental to the purpose for which such corporation is organized and as much granted as the rights and powers expressly conferred.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6838 Premium notes and assessments; liens.

Sec. 6838. The articles of incorporation and bylaws of any such company organized under or subject to the provisions of this chapter, may provide for the receiving of applications or agreements from its members for insurance, with or without taking from the insured any premium note or notes; and it shall be lawful for such mutual insurance companies, to make assessments upon such agreements, or policies issued thereon, or upon the premium note or notes, as the case may be, pro rata, according to the amount of such agreement or policies, or premium note or notes for the payment of the losses and expense incurred by such companies, and all such premium notes, or agreements, or assessments, shall be a lien upon the property insured to the amount of such note, notes, agreements, assessments, costs and interest thereon.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6840 Levy of assessment; deficit; farmers' mutuals; advance premiums; surplus; membership fees; nonassignable policies.

Sec. 6840. (1) It shall be the duty of the president and secretary or other executive officer or officers having power to levy assessments, of each and every mutual insurance company doing business in this state under authority of this chapter to levy an assessment on the members according to classification thereof, sufficient to cover all liability of the company at each and every assessment: Provided, however, That the commissioner may if he deems it advisable grant authority to carry forward a portion of any deficit. Any deficit carried over must be included in the assessment levied during the year immediately following.

(2) It shall be unlawful for any mutual fire insurance company incorporated under the provisions of section 6804 (farmers' mutuals) to conduct its business on the delayed assessment plan and authority is hereby given for mutual insurance companies incorporated under this chapter to collect an advance premium ratably assessed against the membership of an amount which shall be estimated as sufficient to pay each member's proportionate share of the losses and expenses of the company for the ensuing 12 months or lesser period as prescribed by the articles of incorporation of the company, and to provide for surplus funds as permitted in section 6844.

(3) The amount of membership fee collected per \$100.00 of insurance by a mutual insurance company incorporated under the provisions of this chapter at the time of issuing a policy for a new member or increasing a policy shall be uniform for all companies on the same class of business and shall be prescribed by the commissioner upon agreement on the amount of such membership fee by a majority of the companies writing each separate class. Such fee shall be the only fee collected in addition to the advance premium. No new membership fee shall be charged for a policy reinstated within 6 months of the date such policy was cancelled: Provided further, That any mutual fire insurance company doing business in this state under authority of this chapter and operating upon the advance premium plan while having a surplus at least equal to \$200,000.00 may issue an insurance policy which shall provide that the member insured shall not be liable for an additional assessment during the period for which an advance premium has been paid, and in no event shall the holder of any such policy be liable to the company for a greater amount than the advance premium charged for that period.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6842 Failure to make assessment; penalty.

Sec. 6842. Any person being a resident of this state, acting as president, secretary or other officer of any such mutual insurance company, doing business in this state under authority of this chapter, who shall wilfully refuse, or neglect to make assessments as provided in section 6840 shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine not exceeding \$1,000.00 nor less than \$500.00, or by imprisonment in the county jail not less than 6 months nor more than 1 year, or both such fine and imprisonment in the discretion of the court.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6844 Surplus fund; accumulation.

Sec. 6844. Any company organized or operating under this chapter may provide in its charter or by amendment to its charter for the collection of assessments and/or premiums in excess of the amount required to cover current losses and expenses, for the purpose of accumulating a surplus fund.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6846 Board of directors; borrowing power.

Sec. 6846. The board of directors of any company organized or operating under this chapter may borrow money for the purpose of paying losses and expenses.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6848 Unearned premium reserve; refund.

Sec. 6848. Any company organized or operating under this chapter upon the advance premium plan, shall maintain and set aside as a liability an unearned premium reserve upon the same basis as that required of domestic stock insurance companies transacting the same kind of business. Such companies shall provide in their policy for the refund of the unearned premium in case of cancellation for any cause.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6850 Investments; real estate; agricultural credit corporation membership.

Sec. 6850. No company organized or operating under this chapter shall invest any of its assets until it has cash in state or national banks of Michigan of \$20,000.00 in excess of the estimated amount of all unpaid losses of which the company has received notice. Should any company's cash in such banks fall below the required amount after investments have been made, the commissioner may if he deem it necessary for the protection of the policyholders of the company require such company to convert a part or all of its investments into cash. Funds available for investment may be invested in accordance with the laws of this state relating to the investment of the assets of domestic stock companies transacting the same kind of business except that companies organized or operating under this chapter are prohibited from investing in or owning corporation stocks, or investing in or owning real estate, except as follows:

- (1) Such as shall be necessary for its immediate accommodation in transacting business, or
- (2) Such as shall have been conveyed or mortgaged to the company in good faith, by way of security for debts, or
- (3) Such as shall have been conveyed to the company in satisfaction for debts or subrogation of claims, or
- (4) Such as shall have been purchased at sales upon judgments, decrees or mortgages in favor of such company, or held by or owned by it; and all real estate obtained by virtue of any provisions of this section, except that mentioned in the first subdivision, shall be sold or disposed of within 5 years after the title has been perfected in such company, unless the company shall procure a certificate from the commissioner that the interest of such company will materially suffer by a forced sale, in which event the sale may be postponed for such period as the commissioner shall direct in such certificate, not to exceed 10 years in all, or

(5) Any company organized or operating under this chapter is hereby authorized, upon the consent and approval of the commissioner, and in accordance with the rules and regulations promulgated by the commissioner, to purchase and own stock in or become a member of any agricultural credit corporation, or similar corporation, formed for the purpose of financing and/or lending money to any such company. Any such company purchasing and owning stock in or becoming a member of any such corporation is hereby authorized, upon the consent and approval of the commissioner, to borrow money for the purpose of paying

losses and to pledge for the payment thereof the assets of such company. If the delinquency in collection of assessments levied by any such company, purchasing and owning stock in or becoming a member of any such corporation, at the end of the fiscal year of such company shall exceed 15%, the commissioner shall be empowered to take steps for the collection of such assessments, including the power to bring suit on behalf of such company, and/or to order such additional assessments as may be found to be necessary to remove such deficiency.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6854 Insurance in excess of fair value prohibited.

Sec. 6854. No company organized or operating under this chapter shall issue a policy for an amount in excess of a fair value of the property insured.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6856 Maximum amount recoverable on face of policy; premium, assessments.

Sec. 6856. No company organized or operating under this chapter shall issue any policy which provides that the maximum amount recoverable is less than the amount stated on the face of the policy, and no assessment shall be levied or premium collected on any amount larger than that so stated on such policy face.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6858 Adjustment or arbitration of losses; subpoenas to witnesses; notice.

Sec. 6858. That any district or municipal court of a judicial district or municipality of this state is authorized and required to issue subpoenas, and compel the attendance of witnesses before the president, vice-president, secretary, board of directors, or either of the directors, or the auditor or board of auditors of any mutual insurance company organized under the laws of this state, whenever requested so to do by said officers of the insurance companies, or any 1 of them, or the insured, to give evidence in any matter touching the adjustment or arbitration of losses by fire or other cause which may come before such officer or officers; and the subpoena shall be valid to compel the attendance of a witness within the same county where such matter is to be tried, and within 30 miles of the place of such trial. The opposite party interested in the adjustment or arbitration shall be notified, without cost to him, her, or them, at least 24 hours in advance, of the time and place where such witnesses are to be examined, and he, she, or they shall have the right to appear by attorney or in person, and cross-examine all witnesses produced.

History: 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1991, Act 141, Imd. Eff. Nov. 25, 1991.

Popular name: Act 218

500.6859 Adjustment or arbitration of losses; service of subpoenas; fees.

Sec. 6859. Any subpoena may be served by a sheriff, constable or any other person, and it shall be served by delivering a copy of the subpoena, and by paying or tendering to him or her the same fees for traveling and 1 day's attendance as are allowed by law.

History: 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1991, Act 141, Imd. Eff. Nov. 25, 1991.

Popular name: Act 218

500.6860 Adjustment or arbitration of losses; compelling attendance of witness; costs.

Sec. 6860. Whenever it shall appear to the satisfaction of the judge, by affidavit of a party interested in said adjustment or arbitration, or by other competent testimony, that any person duly subpoenaed to appear as required by subpoena, shall have refused or neglected without just cause to attend as a witness in conformity to the subpoena, and the testimony of such witnesses is material, as the deponent verily believes, the judge shall have power to issue an attachment to compel the attendance of the witness, and the witness shall be liable for the cost of such attachment for the service of the same, which costs may be recovered in an action of assumpsit at the suit of the party injured by such neglect or refusal, before any court having competent jurisdiction in like cases, and shall moreover be liable to the injured party in damages.

History: 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1991, Act 141, Imd. Eff. Nov. 25, 1991.

Popular name: Act 218

500.6862 Adjustment or arbitration of losses; administration of oath to witness; perjury.

Sec. 6862. Any 1 of said officers or directors of such insurance companies shall have the power, and they

are hereby authorized to administer an oath to said witnesses or parties so testifying before them in the adjustment or arbitration of such losses, and said witnesses shall be liable to the same pains and penalties for perjury as are now provided by law.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6864 Limitation of actions.

Sec. 6864. No suit or action at law for the recovery of any claim for loss or damage under a policy issued by any company organized or operating under this chapter shall be sustainable in any court of law or equity unless commenced within 12 months next after the liability shall have accrued.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6866 Uniform farm mutual fire policy.

Sec. 6866. On and after January 1, 1946, no company organized or operating under the provisions of this chapter shall issue fire insurance policies on farm property in this state other than those of the standard form as set forth in section 6868.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6868 Uniform farm mutual fire policy; required form.

Sec. 6868. Uniform Farm Mutual Fire Insurance

Policy No. ...

\$...

(Name of company)

Organized ...

Charter expires ...

In consideration of

the provisions and stipulations herein or added hereto and of the warranties contained in the application (if any) for insurance, and subject to the tenor, terms, provisions and stipulations of its charter and bylaws and any amendment thereto hereafter made, does hereby insure and legal representatives, to the extent of the actual cash value of the property at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, and without compensation for loss resulting from interruption of business, nor in any event for more than the interest of the insured, commencing the day of 19..... at noon, standard time, at location of property involved, against all **direct loss by fire and lightning and by removal from premises endangered by the perils insured against in this policy, except as hereinafter provided**, to the property described hereinafter while located or contained as described in this policy, or pro rata for 5 days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere, to an amount not exceeding the sums hereinafter stated upon the following described property, to-wit: (space for policy form) Assignment of this policy shall not be valid except with the written consent of this company.

This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, and to the charter and bylaws of said company not inconsistent therewith and to any amendment thereto hereafter made during the term hereof, which are hereby made a part of this policy, together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

In witness whereof, this company has caused these presents to be executed and attested by its president and secretary this day of A.D. 19

..... President Secretary

(All that appears above shall appear upon the first page of the policy.)

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| 1. | Concealment, Fraud | This entire policy shall be void if whether before or after a loss, the insured has wilfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto. |
| 2. | Uninsurable and Excepted Property | This policy shall not cover accounts, bills, currency, deeds, evidences of debt, money or securities; nor, unless specifically named hereon in writing, bullion, manuscripts, photos, pictures, jewelry, sporting goods or antiques. |
| 3. | Perils Not Included | This company shall not be liable for loss by fire or other perils insured against in this policy caused, directly or indirectly, by: (a) enemy attack by armed forces, including action taken by military, naval or air forces in resisting an actual or an immediately impending enemy attack; (b) invasion; (c) insurrection; (d) rebellion; (e) revolution; (f) civil war; (g) usurped power; (h) order of any civil authority except acts of destruction at the time of and for the purpose of preventing the spread of fire: Provided, That such fire did not originate from any of the perils excluded by this policy; (i) neglect of the insured to use all reasonable means to save and preserve the property at and after a loss or when the property is endangered by fire in neighboring premises; (j) nor shall this company be liable for loss by theft. |
| 4. | Other Insurance | Other insurance may be prohibited or the amount of insurance may be limited by endorsement attached hereto. |

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| 5. | Conditions Suspending or Restricting Insurance | Unless otherwise provided in writing added hereto this company shall not be liable for loss occurring: (a) while the hazard is increased by any means within the control or knowledge of the insured; or (b) while a described building, whether intended for occupancy by owner or tenant, is vacant or unoccupied beyond a period of 60 consecutive days; or (c) as a result of explosion or riot, unless fire ensue, and in that event for loss by fire only; (d) if, with the knowledge of the insured foreclosure proceedings be commenced or notice given of sale of any property insured hereunder by reason of any mortgage or trust deed; or (e) if any change, other than by the death of an insured, takes place in the interest (except increase of insured's interest), title or possession of the subject of insurance (except change of occupants without increase of hazard); or (f) while the insured shall have any other contract of fire insurance covering in whole or in part on property covered by this policy without the knowledge of this company. |
| 6. | Other Perils or Subjects | Any other peril to be insured against or subject of insurance to be covered in this policy shall be by endorsement in writing hereon or added hereto. |
| 7. | Added Provisions | The extent of the application of insurance under this policy and of the contribution to be made by this company in case of loss, and any other provisions or agreement not inconsistent with the provisions of this policy, may be provided for in writing added hereto, or by duly adopted articles of association or bylaws of the company, but no provision may be waived except such as by the terms of this policy is subject to change. |
| 8. | Waiver Provisions | No permission affecting this insurance shall exist, or waiver of any provision by valid, unless granted herein or expressed in writing added hereto, or by duly adopted articles of association or bylaws of the company. |

9. Cancellation of Policy
- This policy shall be cancelled at any time at the request of the insured, in which case this company shall, upon demand and surrender of this policy, refund the excess of paid premium above the customary short rates for the expired time. This policy may be cancelled at any time by this company by giving to the insured a 5 days' written notice of cancellation, delivered personally or mailed to the insured at the last known post office address as shown by the company's records, with or without tender of the excess of paid premium above the pro rata premium for the expired time, which excess, if not tendered, shall be refunded on demand. Notice of cancellation shall state that said excess premium (if not tendered) will be refunded on demand.
10. Mortgagee Interest and Obligations
- If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the insured, such interest in this policy may be cancelled by giving to such mortgagee a 10 days' written notice of cancellation delivered personally or mailed to such mortgagee at the last known post office address as shown by the company's records. If the insured fails to render proof of loss such mortgagee, upon notice, shall render proof of loss in the form herein specified within 60 days thereafter and shall be subject to the provisions hereof relating to appraisal and time of payment and of bringing suit. If this company shall claim that no liability existed as to the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's right of recovery, but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of such mortgagee may be added hereto by agreement in writing, or may be provided for by the bylaws of the company.
11. Pro Rata Liability
- This company shall not be liable for a greater proportion of any loss than the amount hereby insured shall bear to the whole insurance covering the property against the peril involved, whether collectible or not.

Requirements In Case Loss Occurs

The insured shall give immediate written notice to this company of any loss, protect the property from further damage, forthwith separate the damaged and undamaged personal property, put it in the best possible order, furnish a complete inventory of the destroyed, damaged and undamaged property, showing in detail quantities, costs, actual cash value and amount of loss claimed; and within 60 days after the loss, unless such time is extended in writing by the company, the insured shall render to this company a proof of loss, signed and sworn to by the insured, stating the knowledge and belief of the insured as to the following: The time and origin of the loss, the interest of the insured and of all others in the property, the actual cash value of each item thereof and the amount of loss thereto, all encumbrances thereon, all other contracts of insurance, whether valid or not, covering any of said property, any changes in the title, use, occupation, location, possession or exposures of said property, since the issuing of this policy, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of loss and whether or not it then stood on leased ground, and shall furnish a copy of all the descriptions and schedules in all policies and, if required, verified plans and specifications of any building, fixtures or machinery destroyed or damaged. The insured, as often as may be reasonably required, shall exhibit to any person designated by this company all that remains of any property herein described, and submit to examinations under oath by any person named by this company, and subscribe the same; and, as often as may be reasonably required, shall produce for examination all books of account, bills, invoices, and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by this company or its representative, and shall permit extracts and copies thereof to be made.

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| 13. | Appraisal | In case the insured and this company shall fail to agree as to the actual cash value or the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within 20 days of such demand. The appraisers shall first select a competent and disinterested umpire; and failing for 15 days to agree upon such umpire, then, on request of the insured or this company, such umpire shall be selected by a circuit judge of the judicial circuit of this state in which the property covered is located. The appraisers shall then appraise the loss, stating separately actual cash value and loss to each item; and, failing to agree, shall submit their differences, only, to the umpire. An award in writing, so itemized, of any 2 when filed with this company shall determine the amount of actual cash value and loss. Each appraiser shall be paid by the party selecting him and the expenses of appraisal and umpire shall be paid by the parties equally. |
| 14. | Company's Options | It shall be optional with this company to take all, or any part, of the property at the agreed or appraised value, and also to pay its proper share of repairing, rebuilding or replacing the property destroyed or damaged with other of like kind and quality within a reasonable time, on giving notice of its intention so to do within 30 days after the receipt of the proof of loss herein required. |
| 15. | Abandonment | There can be no abandonment to this company of any property. |
| 16. | When Loss Payable | The amount of loss for which this company may be liable shall be payable 60 days after proof of loss, as herein provided, is received by this company and ascertainment of the loss is made either by agreement between the insured and this company expressed in writing or by the filing with this company of an award as herein provided. |
| 17. | Suit | No suit or action on this policy, for the recovery of any claim, shall be sustainable in any court of law or equity unless all the requirements of this policy shall have been complied with, nor unless commenced within 12 months next after the loss shall have occurred. |

This company may require from the insured an assignment of all right of recovery against any party for loss or damage to the extent that payment therefor is made by this company, and of all contractual rights against any third party (but without impairment of insured's right to sue for the full amount due such insured), to the extent that payment for loss or damage is made by this company. Suit for recovery under any assignment made to this company may be brought in the name of the insured or this company or both, but without cost to the insured.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6869 Uniform farm mutual fire policy; conflicting bylaws, riders.

Sec. 6869. No bylaw of any company authorized under the provisions of this chapter or any rider attached to a "uniform farm mutual fire insurance policy" shall restrict or nullify paragraphs number 12, 13, 16 or 17 of such policy.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6870 Uniform farm mutual fire policy; optional provisions.

Sec. 6870. A company may print on or in its policies its name, location, date of organization and date of expiration of its charter, articles of incorporation and/or bylaws, the names of its officers and agents, the number and date of the policy and, if it is issued through an agent, the words "this policy shall not be valid until countersigned by the duly authorized agent of the company at"

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6872 Uniform farm mutual fire policy; rate, premium, assessment, expiration.

Sec. 6872. If a company issues its policies for a specified term and/or charges an advance premium or assessment, the form set forth for the face of the policy may be altered to show rate, premium or assessment and expiration date of policy.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6874 Uniform farm mutual fire policy; printed descriptions and specifications of property.

Sec. 6874. A company may print or use in its policies printed forms of description and specifications of the property insured.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.6876 Repealed. 1963, Act 53, Eff. Sept. 6, 1963.

Compiler's note: The repealed section regulated attachment of riders to uniform farm mutual fire policy.

Popular name: Act 218

500.6886 Additional provisions of code applicable to domestic mutual insurers.

Sec. 6886. Domestic mutual insurers transacting insurance under this chapter are also subject to the following additional chapters and provisions of this act as applicable:

- (a) Chapter 1.
- (b) Chapter 2.
- (c) Sections 403, 454, 460, and 476a.
- (d) Chapter 9.

- (e) Chapter 12.
- (f) Chapter 20.
- (g) Section 2236.
- (h) Chapter 50.
- (i) Chapter 52.
- (j) Chapter 76.
- (k) Chapter 81.
- (l) Chapter 83.

History: 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1972, Act 133, Eff. Mar. 30, 1973;—Am. 1987, Act 261, Imd. Eff. Dec. 28, 1987;—Am. 1994, Act 226, Imd. Eff. June 27, 1994.

Popular name: Act 218